



United States Senator  
**Richard Shelby**  
REPORTS TO ALABAMA



## A FEW BILLION MORE REASONS WHY WE NEED THE FLAT TAX

Most Americans are still reeling from having completed and mailed income tax returns to the IRS. Even those individuals who received some additional time to deal with the growing complexity and consuming burden of tax code compliance are no doubt still dreading that final deadline.

A recent nation-wide poll showed that a majority of taxpayers who responded would rather undergo a root canal than be audited by the Internal Revenue Service. The reason: our tax code is overly complex. But, that's just the beginning. The tax code dictates individual behavior, and taxes the same income over and over again. Somewhere along the way the tax code moved from its originally intended purpose of revenue collection to something that scarcely resembles that original mission.

Like me, most Americans think comprehensive tax reform is long overdue. As the Senate sponsor of the Armey-Shelby Flat Tax proposal, I believe the type of complete systematic overhaul initiated under a flat tax would bring about the changes tax payers have been demanding for years.

To date, I have held almost 800 county-wide meetings, conducting forums in each of Alabama's 67 counties every year. I have yet to hold such a meeting without the subject of tax reform and the complexity of the tax code being a major topic of discussion.

Recently, I ran across the following information that I thought readers would find interesting. Compiled by a senior fellow in political economy at the Heritage Foundation in Washington, D. C., this list serves to further underscore the ever-growing need for comprehensive tax reform. The flat tax has never been more necessary.

As you review this list, think of all the additions you could make.

**737,734,941,858 Reasons...  
and Still Counting:  
Why A Flat Tax is Needed  
to Reform the IRS -  
information provided by  
The Heritage Foundation**

62,000,000 = The number of lines of computer code required by the IRS to manage the current tax code.

3,200 = The number of threats and assaults against IRS agents over a five-year period.

820 = The number of pages added to the tax code by the 1997 budget act.

271 = The number of new regulations issued by the IRS in 1997.

569 = The number of tax forms available on the IRS Web site.

33,984,689 = The number of civil penalties assessed by the IRS in 1996.

2,100,000 = The number of IRS audits conducted in 1996.

85 = The percentage of taxpayers selected by the IRS for random audits who had incomes of less than \$25,000.

15 = The number of years the IRS believes it will need to modernize its computer system.

653 = The number of minutes the IRS estimates it takes to fill out a 1040 form.

\$134,347,500,000 = The Clinton Administration's estimate of private-sector compliance costs.

22 = The percentage of occasions in which reporters from Money magazine received inaccurate or incomplete information in 1997 when calling the IRS's toll-free hot line.

40 = The percentage of occasions in which reporters from Money magazine received wrong answers in 1997 during face-to-face visits at IRS customer service offices.

46 = The number of wrong answers Money magazine received in 1998 when it asked 46 different tax experts to estimate a hypothetical family's 1997 tax liability.

\$34,672 = The difference in liability between the highest and lowest incorrect answers among the 46 professionals who failed to calculate the correct tax liability of Money magazine's hypothetical family.

\$610 = The amount by which the hypothetical family would have overpaid its 1997 taxes if it had

used the answer that came closest to the actual tax liability (assuming, of course, that Money magazine's expert had filled out the tax return correctly).

824 = The number of changes in the tax code accompanying the 1997 tax cut.

285 = The number of new sections in the tax code created by the 1997 budget act.

3,132 = The number of pages needed by the Research Institute of America to explain the changes in the tax law in 1997.

11,410 = The number of tax code subsection changes between 1981 and 1997.

160 = The percentage increase in the stock value of tax preparation firms in the month period surrounding enactment of the 1997 budget.

54 = The number of lines on the new capital gains form, up from 23 before the 1997 budget deal.

\$3,500 = The amount one woman was forced to pay twice, even though the IRS eventually admitted that the debt had been owed—and paid—by her former husband.

\$26 = The amount the IRS seized from a six-year-old's bank account because her parents owed money.

\$900,000 = The amount a small businessman was fined after being entrapped by his accountant, a paid informer for the IRS.

25 = The percentage of households with incomes over \$50,000 that would pay an inaccurate assessment from the IRS rather than fight.

As you will likely agree, this list is only the beginning of the outrage most taxpayers, myself included, feel about the IRS and our nation's outdated, overly complex tax code. I believe the only way to truly address this problem is by eliminating the current tax code and replacing it with the Armey-Shelby Flat Tax.

*Note: Daniel J. Mitchell contributed to this report. He is a Senior Fellow in Political Economy at the Heritage Foundation in Washington, D. C.*



United States Senator  
**Richard Shelby**  
REPORTS TO ALABAMA



---

## A FEW BILLION MORE REASONS WHY WE NEED THE FLAT TAX

Most Americans are still reeling from having completed and mailed income tax returns to the IRS. Even those individuals who received some additional time to deal with the growing complexity and consuming burden of tax code compliance are no doubt still dreading that final deadline.

A recent nation-wide poll showed that a majority of taxpayers who responded would rather undergo a root canal than be audited by the Internal Revenue Service. The reason: our tax code is overly complex. But, that's just the beginning. The tax code dictates individual behavior, and taxes the same income over and over again. Somewhere along the way the tax code moved from its originally intended purpose of revenue collection to something that scarcely resembles that original mission.

Like me, most Americans think comprehensive tax reform is long overdue. As the Senate sponsor of the Arney-Shelby Flat Tax proposal, I believe the type of complete systematic overhaul initiated under a flat tax would bring about the changes tax payers have been demanding for years.

To date, I have held almost 800 county-wide meetings, conducting forums in each of Alabama's 67 counties every year. I have yet to hold such a meeting without the subject of tax reform and the complexity of the tax code being a major topic of discussion.

Recently, I ran across the following information that I thought readers would find interesting. Compiled by a senior fellow in political economy at the Heritage Foundation in Washington, D. C., this list serves to further underscore the ever-growing need for comprehensive tax reform. The flat tax has never been more necessary.

As you review this list, think of all the additions you could make.

**737,734,941,858 Reasons...  
and Still Counting:  
Why A Flat Tax is Needed  
to Reform the IRS -  
information provided by  
The Heritage Foundation**

62,000,000 = The number of lines of computer code required by the IRS to manage the current tax code.

3,200 = The number of threats and assaults against IRS agents over a five-year period.

820 = The number of pages added to the tax code by the 1997 budget act.

271 = The number of new regulations issued by the IRS in 1997.

569 = The number of tax forms available on the IRS Web site.

33,984,689 = The number of civil penalties assessed by the IRS in 1996.

2,100,000 = The number of IRS audits conducted in 1996.

85 = The percentage of taxpayers selected by the IRS for random audits who had incomes of less than \$25,000.

15 = The number of years the IRS believes it will need to modernize its computer system.

653 = The number of minutes the IRS estimates it takes to fill out a 1040 form.

\$134,347,500,000 = The Clinton Administration's estimate of private-sector compliance costs.

22 = The percentage of occasions in which reporters from Money magazine received inaccurate or incomplete information in 1997 when calling the IRS's toll-free hot line.

40 = The percentage of occasions in which reporters from Money magazine received wrong answers in 1997 during face-to-face visits at IRS customer service offices.

46 = The number of wrong answers Money magazine received in 1998 when it asked 46 different tax experts to estimate a hypothetical family's 1997 tax liability.

\$34,672 = The difference in liability between the highest and lowest incorrect answers among the 46 professionals who failed to calculate the correct tax liability of Money magazine's hypothetical family.

\$610 = The amount by which the hypothetical family would have overpaid its 1997 taxes if it had used

the answer that came closest to the actual tax liability (assuming, of course, that Money magazine's expert had filled out the tax return correctly).

824 = The number of changes in the tax code accompanying the 1997 tax cut.

285 = The number of new sections in the tax code created by the 1997 budget act.

3,132 = The number of pages needed by the Research Institute of America to explain the changes in the tax law in 1997.

11,410 = The number of tax code subsection changes between 1981 and 1997.

160 = The percentage increase in the stock value of tax preparation firms in the month period surrounding enactment of the 1997 budget.

54 = The number of lines on the new capital gains form, up from 23 before the 1997 budget deal.

\$3,500 = The amount one woman was forced to pay twice, even though the IRS eventually admitted that the debt had been owed—and paid—by her former husband.

\$26 = The amount the IRS seized from a six-year-old's bank account because her parents owed money.

\$900,000 = The amount a small businessman was fined after being entrapped by his accountant, a paid informer for the IRS.

25 = The percentage of households with incomes over \$50,000 that would pay an inaccurate assessment from the IRS rather than fight.

As you will likely agree, this list is only the beginning of the outrage most taxpayers, myself included, feel about the IRS and our nation's outdated, overly complex tax code. I believe the only way to truly address this problem is by eliminating the current tax code and replacing it with the Arney-Shelby Flat Tax.

*Note: Daniel J. Mitchell contributed to this report. He is a Senior Fellow in Political Economy at the Heritage Foundation in Washington, D. C.*